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DAN E. ARNETT  
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**VIA US MAIL**

June 16, 2006

**Lara Simmons Nichols, Assistant General Counsel**  
Duke Power  
Post Office Box 1244  
Charlotte, NC, 28201-1244

**William F. Austin, Esquire**  
Austin, Lewis & Rogers, P.A.  
Post Office Box 11716  
Columbia, SC 29201

RECEIVED  
JUN 20 2006  
DOCKETING DEPT.

RE: Annual Review of Base Rates for Fuel Costs of Duke Power  
**Docket No. 2006-3-E**

Dear Ms. Nichols and Mr. Austin:

Please find enclosed and served on you the Office of Regulatory Staff's First Continuing Data Requests in the above referenced matter. Please let me know if you have any questions.

Sincerely,

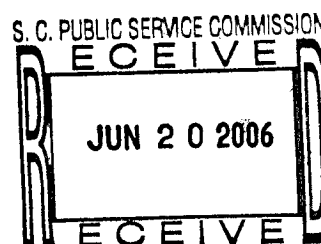
*Wendy B. Cartledge*

Wendy B. Cartledge

WBC/pjm

Enclosure

cc: Mr. Charles L.A. Terreni  
Scott Elliott, Esquire



**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2006-3-E**

IN RE: Duke Power Company LLC	)	<b>FIRST SET OF CONTINUING</b>
d/b/a Duke Energy Carolinas, LLC	)	<b>DATA REQUESTS</b>
Annual Review of Base Rates	)	
for Fuel Costs	)	
_____	)	

**TO: WILLIAM F. AUSTIN, ESQUIRE AND LARA SIMMONS NICHOLS, ESQUIRE,  
ATTORNEYS FOR DUKE ENERGY CAROLINAS, LLC:**

Pursuant to S.C. Code Ann. Section 58-4-10, 58-4-50, 58-4-55, and 26 S.C. Code Regs. 103-853 (Supp. 2004), the Office of Regulatory Staff ("ORS") hereby serves its First Set of Continuing Data Requests upon Duke Energy Carolinas, LLC (hereafter referred to as "DUKE").

ORS hereby requests, pursuant to 26 S.C. Code Regs. 103-853 (Supp. 2004), that you answer the following data requests in writing and under oath within ten (10) days after service at the Office of Regulatory Staff, 1441 Main Street, Suite 300, Columbia, South Carolina, 29201. If you are unable to respond to any of the data requests, or part or parts thereof, please specify the reason for your inability to respond and state what other knowledge or information you have concerning the unanswered portion.

As used in these data requests, "identify" means, when asked to identify a person, to provide the full name, business title, address and telephone number. When asked to identify or provide a document, "identify" or "provide" means to provide a full and detailed description of the document. In lieu of providing a full and detailed description of a document, you may attach

to your responses a copy of the document and identify the person who has custody of it. When the word "document" is used herein, it means any written, printed, typed, graphic, photographic, or electronic matter of any kind or nature and includes, but is not limited to, statements, contracts, agreements, reports, opinions, graphs, books, records, letters, correspondence, notes, notebooks, minutes, diaries, memoranda, transcripts, photographs, pictures, photomicrographs, prints, negatives, motion pictures, sketches, drawings, publications, and tape recordings.

Wherever in this data request a masculine pronoun or possessive adjective appears, it refers to both males and females in accordance with traditional English usage.

**IT IS THEREFORE REQUESTED:**

- I. That all information requested below, unless otherwise specified, shall be limited to DUKE's South Carolina Electric Retail Operations for the period under review in this docket.
- II. That all information shall be provided to the ORS in the format requested.
- III. That all responses to the data requests below be labeled using the same numbers as used herein.
- IV. That the requested information be bound in 3-ring binders with numbered tabs between each question.
- V. That if information requested is found in other places or other exhibits, reference shall not be made to those; instead, reproduce and place in the Data Request in the appropriate numerical sequence.
- VI. That any inquiries or communications relating to questions concerning clarification of the data requested below should be directed to Jay R. Jashinsky or John W. Flitter, of ORS.
- VII. That this entire list of questions be reproduced and included in front of each set of responses.
- VIII. That each question be reproduced and placed in front of the response provided.
- IX. That DUKE provides six (6) paper copies/binders of responses to the South Carolina Office of Regulatory Staff. In addition and if technically feasible, it is requested that DUKE provides an electronic version of the responses.

- X. If the response to any data request is that the information requested is not currently available, please state when the information requested will be available.
- XI. That in addition to the signature and verification at the close of DUKE's responses, the DUKE witness(es) or employee(s) or agent(s) responsible for the information contained in each response be indicated.
- XII. This Data Request shall be deemed to be continuing so as to require DUKE to supplement or amend its responses as any additional information becomes available.
- XIII. For information requested herein where the information is kept, maintained, or stored using spreadsheets, please provide electronic versions of the spreadsheets, including the formulas used and embedded in the spreadsheet.

**REQUESTS:**

- 1.1 Please provide copies of any DUKE correspondence, requests for data and responses, oral or written, from any other parties in this Docket.
- 1.2 Please provide a copy of the DUKE FERC Form 1, including the separate South Carolina statistics, for the latest year available.
- 1.3 Please provide a copy of all exhibits, schedules and work-papers used to develop the 2006 filing.
- 1.4 Please provide a detailed analysis of monthly over/under recovery of fuel costs for the actual and forecasted period under review.
- 1.5 For each actual month during the period under review please provide a variance analysis of actual MWH sales and fuel costs with forecasted amounts used in the 2005 filing. In this response explain all variances greater than  $\pm 5.0\%$ .
- 1.6 Please identify and provide the monthly amount of all wheeling costs included in the current filing.
- 1.7 Has DUKE used or applied an avoided cost proxy for purposes of this filing? If so, please provide a comparison of actual and proxy costs.
- 1.8 Please provide monthly and annual (most recent calendar year) actual capacity and availability factors by unit for the period under review.
- 1.9 For each generating unit, please provide the following for each month for the period under review:

- (a) Maximum Dependable Capacity (MDC) or summer capacity rating (MW);
- (b) gross and net energy output (MWH);
- (c) quantity of fuel consumed by type; and
- (d) cost of fuel by type.

1.10 For each month during the period under review, please provide the following:

- (a) net system generation (MWH);
- (b) system purchases (MWH);
- (c) MWH sales to retail customers; and
- (d) MWH wholesale sales by customer.

In this response, please reconcile any differences to the MWH amounts shown in DUKE's filing.

- 1.11 Does DUKE have any real time pricing contracts in which energy charges are based on hourly fuel costs or hourly system lambdas? If so, identify such contracts/customers and explain how these sales and fuel costs are treated for purposes of this filing.
- 1.12 Please provide a narrative description of any changes during the actual and forecasted periods to contracts for the purchase of all fossil fuels, including railroad delivery contracts.
- 1.13 Does DUKE purchase fuel, fuel supplements, or transportation from any affiliate or entity in which DUKE has a financial interest? If so, please provide a copy of all contracts (affiliates and non-affiliates) for such fuel or supplements (e.g., synfuel), and monthly volumes and prices for the period under review.
- 1.14 For the period under review, please provide the following with respect to all scheduled and forced outages lasting longer than 24 hours (please designate scheduled or forced):
  - (a) name of unit;
  - (b) dates and duration of outage;
  - (c) estimated net energy that would have been generated by the unit absent the outage;
  - (d) cause of outage;
  - (e) corrective action to return unit to service;
  - (f) source(s) of replacement power;
  - (g) estimate or calculation of additional fuel and/or purchased power costs resulting from the outage with all supporting work-papers and documentation;
  - (h) copy of all correspondence and reports to and from all regulatory bodies (e.g. NRC); and
  - (i) all orders or other correspondence setting forth any action including any fines or penalties by regulatory authorities.

- 1.15 For the period under review, please provide the following with respect to all scheduled outages lasting longer than originally planned:
- (a) name of unit;
  - (b) scheduled (planned) outage period;
  - (c) actual outage period;
  - (d) reason(s) for extended outage period longer than planned;
  - (e) estimate or calculation of additional fuel and/or purchased power costs resulting from the extended outage with all supporting work-papers and documentation; and
  - (f) copies of all reports and correspondence concerning the extended outage or delayed start up.
- 1.16 For the period Catawba Units #1 and #2 were not generating due to the forced outage of May 20, 2006, list the kilowatt-hours (KWH) and fuel cost per KWH for replacement power applied to the fuel clause.
- 1.17 Please provide details concerning any re-ratings of generating units by unit for both actual and projected for the period under review.
- 1.18 Please provide details of DUKE's forecasted scheduled outages for the next twelve months by plant.
- 1.19 For the actual and forecasted period under review, please provide a schedule of power purchases that provides:
- (a) supplier;
  - (b) total energy purchased (MWH);
  - (c) total energy price;
  - (d) fuel energy price (as available);
  - (e) capacity purchased (MW);
  - (f) capacity price & cost;
  - (g) FERC or state approved transmission charges;
  - (h) ancillary transmission charges;
  - (i) whether such purchase was on-peak or off-peak daily, weekly or monthly block purchase;
  - (j) whether energy purchased was take or pay;
  - (k) whether energy purchased was firm or interruptible; and
  - (l) use of power (e.g. native load; off system sale).
- 1.20 Please provide detailed accounting (daily, weekly, or monthly) of the specific use for each purchased MWH for retail, off-system sale, wholesale, etc. including the total MWH's and purchase price from each supplier for the actual period under review.
- 1.21 Please provide a list of all (a) long-term contracts and (b) short-term contracts to purchase fossil fuel together with price, quantity, quality and contract period.

- 1.22 Please provide a list of all firm contracts to purchase power to include the specific use for each purchased MWH for retail, off-system sale, wholesale, etc. include the total MWH's and purchase price from each supplier for the review period. Also, please provide the capacity and unit type allocated to supply the power under each firm contract.
- 1.23 Did DUKE purchase any power from an affiliated supplier during the review period? If so, please provide the name of supplier, KWH purchase amount and dollars paid, and a description of any other consideration or service given or promised in exchange for this purchased power.
- 1.24 Please explain DUKE's treatment of off-system sales fuel costs and margins in determining fuel recovery balances.
- 1.25 Please provide off-system sales (MWH) and related total energy revenue and capacity revenue for each month during the actual period under review.
- 1.26 With respect to SO<sub>2</sub> Emission Allowance credits, please provide a report detailing the number of allowances and the dollar amount for the beginning balance, credits earned or purchased, credits used or sold, and the ending balance for each month of the review period. Please provide detailed information showing the use of any gains applicable to SO<sub>2</sub> Emissions Allowances associated with Intersystem Sales, being used against any SO<sub>2</sub> Emissions Allowance purchases.
- 1.27 If this filing includes costs (ex. any costs of firm generation capacity purchases) as outlined in S. C. Code Annotated Section 58-27-865(A) that are also included in base rates, quantify these amounts and explain DUKE's proposal or plan to ensure no double recovery of such amounts.
- 1.28 If this filing includes any capacity related costs, explain and provide all details relating to the assignment or allocation of these capacity costs to South Carolina consumers for purposes of this filing.
- 1.29 Please identify and describe, separately, the individual rate adjustment indices that apply to DUKE's contracts with the CSX and NS railroad companies, and the frequency (e.g., monthly, quarterly, etc.) the indices are adjusted. Please specify the components of each index and how the components impact DUKE's transportation rates. Also, please identify any other escalator provisions in DUKE's contracts with CSX and NS and how they impact DUKE's transportation rates. Please describe in detail how costs associated with the above are calculated and how the adjustment factors impacted the fuel clause during the review period in dollars.
- 1.30 Please provide a copy of DUKE's monthly FERC Form 423 for the most recent 12 months available.
- 1.31 Please provide the latest lifetime capacity factor for each nuclear power generation unit.

- 1.32 Please provide actual monthly generation percentages for the review period for fossil, nuclear, simple-cycle turbines, combined-cycle turbines, and hydroelectric.
- 1.33 Please provide the average fuel cost in cents per KWH and total generation in MWH by plant for the actual review period.
- 1.34 Please provide the fuel costs in cents per KWH and South Carolina retail energy sales in MWHs by month for the actual review period.
- 1.35 Please provide the estimated fuel costs and South Carolina retail energy sales by month for the succeeding forecasted twelve (12) month period.
- 1.36 Please continue to provide ORS the monthly reports of information related to fuel costs as previously required by Public Service Commission Order 2005-488.
- 1.37 In reference to fossil fuel market data, please provide a list of any external publications, reports, documents or other sources such as conferences, seminars or meetings used by DUKE to keep abreast of conditions in the market. Also, please provide a list or description of any internal data, reports, or other source materials used or reviewed by DUKE in such endeavors.
- 1.38 Please provide the minimum coal quality requirements by plant, including but not limited to Btu, sulfur, ash and moisture content.
- 1.39 Please provide typical annual tonnage requirements by plant.
- 1.40 Please identify the power generating units on DUKE's system that are required to burn low sulfur compliance coal.
- 1.41 Please identify the power generating units on DUKE's system that burned low sulfur compliance coal during the review period. Also, for each compliance coal purchase (by plant) during the review period, please provide the month the coal was delivered, quantity delivered, coal qualities, producer price and delivered cost per MMBTU (in dollars).
- 1.42 Please describe DUKE's policies for coal supply inventory control.
- 1.43 Please provide the actual heat rates by unit for all plants for the period under review as well as the projected heat rates.
- 1.44 Please provide the monthly tons and cost by plant for synthetic coal fuel for the most recent 12-month period.
- 1.45 Please provide those portions of the Sarbanes-Oxley report that address fuel and/or fuel related items for DUKE's South Carolina operations for calendar year 2005.



- 1.46 Is DUKE or any of its affiliates currently under any investigation by the Federal Energy Regulatory Commission ("FERC") that may impact DUKE's fuel costs for the actual period under review in this docket?
- 1.47 If the response to Data Request 1.46 is affirmative, please provide copies of any correspondence or other materials provided to FERC as well as any correspondence from FERC to DUKE or to any DUKE affiliate.
- 1.48 Provide copies of any settlement agreements (e.g., NRC) executed by DUKE or any DUKE affiliate that would have an impact on DUKE's fuel costs for the actual period under review in this docket.
- 1.49 Provide copies of any orders issued by a court of law or by a regulatory agency that would have an impact on DUKE's fuel costs for the actual period under review in this docket.
- 1.50 Has DUKE or any of DUKE's affiliates been assessed any fines or penalties by any regulatory agency that would have an impact on DUKE's fuel costs for the actual period under review in this docket?
- 1.51 Identify any lawsuits the outcome of which may have an impact on DUKE's fuel costs and provide a brief description of the litigation.
- 1.52 Has DUKE's fuel costs benefited from the DUKE/Cinergy merger with respect to the procurement of its coal supply, or any other type of fuel supply?
- 1.53 How has the DUKE/Cinergy merger affected the purchased power and sales transactions between DUKE and Cinergy?
- 1.54 What effect has the DUKE/Cinergy merger had on the "operation" of the South Carolina fuel clause? Please be very specific with your answer.
- 1.55 To the degree any of DUKE's fuel suppliers has initiated bankruptcy proceedings since July 1, 2005, please provide the following information:
- (a) Identify the fuel supplier and describe in detail and quantify the impact of these proceedings on DUKE's cost of fuel for the historical period and separately for the forecast period;
  - (b) Describe in detail DUKE's actions to mitigate the impact of these proceedings;
  - (c) Identify and provide all related documents.
- 1.56 Please identify and provide a copy of any internal (or externally prepared on DUKE's behalf) analyses, studies or documents regarding comparisons of:
- (a) Generation resource mix among utilities;
  - (b) Fuel costs among utilities; and
  - (c) Purchased power costs among utilities.

- 1.57 Please explain whether any of DUKE's existing long-term or short-term coal supply contracts contain price adjustment clauses. If so, please explain the terms of each price adjustment clause and provide all communications and documents related to any price adjustment clause negotiations undertaken by DUKE regarding any existing coal supply contract.
- 1.58 Referring to DUKE's evaluation of the term and spot markets for coal, nuclear, oil and natural gas relative to its portfolio management practices:
- (a) Since July 1, 2005 for each fuel type, identify the percentage acquired through spot purchases, the percentage acquired through long-term contracts, and the percentage acquired on some other basis.
  - (b) Please explain the economic factors that influenced the relative percentage of spot and long-term purchases since July 1, 2005 relative to total coal tons purchased.
  - (c) Does DUKE have any written policies and/or procedures, formal or informal, regarding the procurement of fuel (of any type)? If so, please provide a copy of all such written policies and/or procedures.
  - (d) During the historical period, was DUKE able to procure fuel (of any type) for a below market price? If so, what market factors enabled purchases below market prices?
- 1.59 Referring to fuel hedging practices:
- (a) Does DUKE, or any of its affiliates, use any form of fuel cost hedging? Explain in narrative detail why or why not.
  - (b) If the answer to (a) is yes, please provide a detailed explanation of all short and long-term hedging program(s) as well as the monthly dollar gains and/or losses for such program(s) for the period between July 1, 2005 and the date of response to this request.
  - (c) Please also provide all studies, analyses, and other documentation related to all historical and forecasted impact(s) of such program(s) on DUKE's fuel procurement costs.
- 1.60 Please identify and provide copies of all internally prepared or externally prepared reports, studies, and analyses relied upon by DUKE management personnel since July 1, 2005 in making any decisions regarding its fuel and power purchasing practices.
- 1.61 Please identify and provide copies of all internally prepared reports (or externally prepared on DUKE's behalf), studies, analyses, correspondence, projections or presentations since July 1, 2005 addressing volatility in the cost of coal. In addition, identify and provide copies of all related documents prepared since July 1, 2005 addressing all recommended strategies for mitigating the impact of coal price volatility.
- 1.62 Please identify and provide copies of presentations made, or provided, to investment analysts, credit rating agencies, research analysts, brokerage firms, or investment banking

firms by the personnel of DUKE or any of its affiliates related to fuel costs since July 1, 2005 and since the DUKE/Cinergy merger.

- 1.63 Explain in detail how DUKE determines the appropriate fuel cost to assign to any off-system sales.
- 1.64 Please provide the following information for all existing and/or proposed natural gas contracts that have supplied, or will supply, natural gas to DUKE during the historical and forecast periods.
  - (a) The name of the vendor/supplier;
  - (b) The start and end dates of the contract;
  - (c) The contract identification number and status (i.e., executed or in negotiation);
  - (d) For contracts in negotiation, the status of the negotiation and the anticipated completion date; and
  - (e) The "minimum" and "maximum" gas volumes per the contract.
- 1.65 Please describe in detail the current status of any Surface Transportation Board rulings regarding rates charged by Norfolk Southern to provide coal transportation to DUKE.
- 1.66 Quantify the cost impact to DUKE of any increases in rail prices since July 1, 2005 and explain how these increases are reflected in DUKE's historical and forecast period costs. In addition:
  - (a) Provide all work papers showing the details of this impact and the historical and forecast period costs of such rail transportation.
  - (b) Describe in detail DUKE's plans to mitigate any price increase and the status of these plans.
  - (c) Provide a narrative summary as well as all internally prepared (or externally prepared on behalf of DUKE) analyses and cost evaluations of any potential alternatives to DUKE's existing rail transportation suppliers. This includes any evaluations of coal supply transportation from non-Central Appalachian (non-CAPP) coal regions.
- 1.67 Does DUKE propose to recover in its fuel factor the cost of emission allowances for NOX? If the answer is yes, provide the amount of such allowances for the historical period and forecast period separately.
- 1.68 Does DUKE purchase synthetic fuel? If yes, please explain why and provide details of any benefits derived from these purchases and how those benefits are passed to ratepayers.
- 1.69 Has DUKE experienced delivery problems (e.g., late deliveries) with any coal transportation provider (railroad or otherwise) since July 1, 2005? If so:
  - (a) Provide quantification of any additional costs incurred by DUKE as a result of the delivery problems.

- (b) Describe any and all legal remedies pursued by DUKE in order to recover compensation for the costs incurred by DUKE as a result of these delivery problems.

Wendy B. Cartledge

C. Lessie Hammonds, Esquire

Wendy B. Cartledge, Esquire

**South Carolina Office of Regulatory Staff**

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June 6, 2006

**BEFORE**  
**THE PUBLIC SERVICE COMMISSION OF**  
**SOUTH CAROLINA**  
**DOCKET NO. 2006-3-E**

IN RE:	)	
Annual Review of Base Rates for Fuel Costs	)	<b>CERTIFICATE OF SERVICE</b>
Of Duke Power	)	

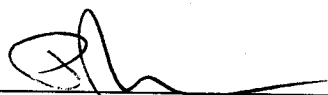
This is to certify that I, Pamela J. McMullan, an employee with the Office of Regulatory Staff, have this date served one (1) copy of the **OFFICE OF REGULATORY STAFF'S FIRST CONTINUING DATA REQUEST** in the above-referenced matter to the person(s) named below by causing said copy to be deposited in the United States Postal Service, first class postage prepaid and affixed thereto, and addressed as shown below:

**Lara Simmons Nichols, Assistant General Counsel**  
Duke Power

Post Office Box 1244  
Charlotte, NC, 28201-1244

**William F. Austin, Esquire**  
Austin, Lewis & Rogers, P.A.  
Post Office Box 11716  
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**Scott Elliott, Esquire**  
Elliott & Elliott, PA  
721 Olive Street  
Columbia, SC, 29205

  
\_\_\_\_\_  
Pamela J. McMullan

June 16, 2006  
Columbia, South Carolina